

# City of Detroit

## CITY COUNCIL

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ANNE MARIE LANGAN  
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TO: Delbert Brown, Director  
Airport Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 29, 2009

RE: 2009-2010 Budget Analysis

29.

Attached is our budget analysis regarding your department's budget for the upcoming 2009-2010 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing **Wednesday, May 6, 2009 at 11:00 a.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

### Attachment

cc: Councilmembers  
Council Divisions  
Auditor General's Office  
Joseph Harris, Chief Financial Officer  
Pamela Scales, Budget Department Director  
Ron Chenault, Budget Department Team Leader  
Arese Robinson, Mayor's Office

## Airport (10)

### FY 2009-2010 Budget Analysis by the Fiscal Analysis Division

#### Summary

The Airport is an enterprise fund agency. The recommended 2009-2010 budgeted operating appropriation totals \$1,839,496, which represents a \$215,269 decrease from the current fiscal year operating budget of \$2,054,765. No capital dollars are budgeted for the Airport in 2009-10.

The recommended 2009-2010 budget also includes total revenues of \$1,839,496, which includes a general fund subsidy of \$680,015. Net tax cost is not included in either budget.

#### 2008-2009 Surplus/ (Deficit)

A surplus or deficit is not projected for the Airport for fiscal year 2008-2009.

#### **Airport (10)**

| <u>Budgeted Professional and Contractual Services by Activity</u> | <u>FY 2008-09<br/>Budget</u> | <u>FY 2009-10<br/>Recommended</u> | <u>Increase<br/>(Decrease)</u> |
|---|------------------------------|-----------------------------------|--------------------------------|
| Airport Operations  | <u>\$ 62,880</u>             | <u>\$ 12,000</u>                  | <u>\$ (50,880)</u>             |
| <b>Total</b>  | <b><u>\$ 62,880</u></b>      | <b><u>\$ 12,000</u></b>           | <b><u>\$ (50,880)</u></b>      |

#### Overtime

Overtime is budgeted at \$13,905 for the current year. Through March 31, 2009 of the current year, \$13,286 has been spent in overtime.

The recommended 2009-2010 budget includes \$13,905 for overtime, which is the same as the current years budget.

#### Personnel and Turnover Savings

Turnover savings is not projected for the Airport for fiscal year 2009-2010.

| <u>Appropriation/Program</u>    | <u>Redbook<br/>Positions<br/>FY 2008-09</u> | <u>Filled<br/>Positions<br/>3/31/2009</u> | <u>Budget<br/>Positions<br/>FY 2009-10</u> | <u>Over/(Under)<br/>Actual to<br/>08/09 Budget</u> | <u>Mayor's<br/>Recommended<br/>Turnover</u> |
|---------------------------------|---|---|--|--|---|
| <b>Airport (10):</b>            |   |   |  |  |   |
| 100010 Administration           | 3   | 3   | 3  | 0  | \$ -  |
| 100020 Maintenance              | 3   | 0   | 0  | (3)  | \$ -  |
| 100030 Operations               | 2   | 2   | 2  | 0  | \$ -  |
| 100040 Public Safety            | 0   | 0   | 0  | 0  | \$ -  |
| <b>00223 Airport Operations</b> | <b>8</b>                                    | <b>5</b>                                  | <b>5</b>                                   | <b>(3)</b>   | <b>\$ -</b>                                 |
| 10XXXX Worker's Comp.           | 0   | 0   | 0  | 0  | \$ -  |
| 10XXXX Unmatched Positions      | <u>0</u>                                    | <u>7</u>                                  | <u>0</u>                                   | <u>7</u>   | <u>\$ -</u>                                 |
| <b>TOTAL</b>                    | <b><u>8</u></b>                             | <b><u>12</u></b>                          | <b><u>5</u></b>                            | <b><u>4</u></b>                                    | <b><u>\$ -</u></b>                          |

## Proposed Layoffs and Position Changes

The Mayor's 2009-2010 Proposed Budget includes recommended layoff of three Airport employees; however, there will be five actual employees laid off. Of the five positions, three were funded and two have not been funded since fiscal year 2006-2007.

## Significant Funding Changes by Appropriation

| <u>Appro.</u> | <u>Program</u>  |  |
|---------------|---|--|
| 00223         | Airport Operations                                    | <p>The Mayor's 2009-2010 Proposed Budget includes \$1,839,496 for Airport Operations. This reflects a decrease of \$215,269 from the 2008-2009 budget of \$2,054,765.</p> <p>The decrease is primarily due to the reduction of \$17,125 in salaries and wages, a decrease of \$50,880 in Contract Services-Security, and a decrease of \$6,824 in Operating Services and \$140,880 in Other Expenses, offset by an increase in Operating Supplies.</p> |
| 12681         | (Non-Departmental)<br>GO Bonds – Land<br>Acquisitions | <p>The recommended 2009-2010 budget does not include \$3,500,000 for the purchase of land. The City did not meet the requirements of the State in order to sell bonds. The City has not sold bonds since fiscal year 2006-2007.</p>  |
| 00347         | Airport Support                                       | <p>The recommended 2009-2010 budget includes \$790,355 subsidy for Airport operation, which is a decrease of \$138,510 from the current fiscal year.</p>   |

## Issues and Questions

1. What steps will be taken to increase private investment in the Airport? Please provide an update on an operator managing Airport's operations.
2. What is the Airport biggest challenge to becoming a world-class airport?
3. Since the City has not sold bonds since fiscal year 2006-2007, and the Airport did not receive \$3,500,000 from the sale of bonds, how will the Airport support any renovation plans?
4. The Airport general fund subsidy is \$790,355 in Non-Departmental, but only \$680,015 in the Airport budget, a difference of \$110,340. Please explain the discrepancy.